(b) if so, the decision since taken in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Government employees (except the armed forces in the first stage) recruited after January 01, 2004 are entitled to the New Pension Scheme benefits. It is a defined contribution pension system and is mandatory for all such new recruits.

Ban on External Commercial Borrowing

719. SHRIMATI PREMA CARIAPPA:
SHRI MOTILAL VORA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have imposed a complete ban on External Commercial Borrowing (ECB) by Indian companies;

(b) if so, the reasons therefor;

(c) whether the Ministry of Finance has undertaken a review on the issue of ECB; and

(d) if so, whether Government proposed to lift the ban on ECB to help corporate sector in getting cheap funds abroad?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir.

(b) Does not arise.

(c) and (d) The policy on External Commercial Borrowings (ECB) is reviewed periodically by Gvoernment in consultation with the Reserve Bank of India (RBI). ECB policy was last reviewed in January, 2004, based on which the current ECB guidelines were notified by RBI on 31st January, 2004.

As per these guidelines, all corporates registered under the Companies Act, except financial intermediaries, are eligible borrowers under the automatic route for ECBs up to USD 500 Million. Proposals not covered under the automatic route are considered by a committee set up by RBI.

ECBs can be raised for investment in the real sector, that is, the industrial sector, including small and medium enterprises, and the infrastructure sector.